

Message Text

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21

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 NSCE-00 NIC-01 SAJ-01 SAM-01

SP-03 AID-20 EB-11 NSC-07 RSC-01 CIEP-03 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 AEC-11 CIAE-00 DODE-00

INR-11 NSAE-00 PA-04 USIA-15 PRS-01 ACDA-19 MC-02

XMB-07 L-03 FRB-03 DRC-01 /196 W
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R 030232Z SEP 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2050

INFO AMEMBASSY PARIS

USLO PEKING

AMEMBASSY TOKYO

C O N F I D E N T I A L HONG KONG 9725

E.O. 11652: GDS

TAGS: ETRD ESTC CH US

SUBJECT: U. S. BUSINESS VISITOR RETURNING FROM PEKING DISCUSSES
TRADE CONTROLS

REF: (A) PEKING 1442; (B) PEKING 1450

SUMMARY: PROBLEM OF PRC REACTION TO U.S. TRADE CONTROLS WAS
ALSO DISCUSSED IN HONG KONG BY 3M OFFICIAL RETURNING FROM
PEKING. HE FOUND FURTHER CONFIRMATION THAT PRC OFFICIALS
(MACHIMPEX), AS A MATTER OF PRINCIPLE, WILL NOT FILL OUT
END-USE FORMS, BUT WOULD ISSUE A LETTER TO 3M (AND PRESUM-
ABLY TO ANY FOREIGN COMPANY) TO ASSIST THE COMPANY IN
MEETING REQUIREMENTS. END SUMMARY

1. AS HE TOLD USLO HE WOULD, JOHN MARSHALL, 3M (EAST) AG,
CALLED AT CONGEN LAST WEEK (REF A). IN ADDITION TO INFOR-
MATION CONTAINED REFTEL, HE SUPPLIED FURTHER INFORMATION
ON SOME OF HIS CONVERSATIONS WITH PEKING STATE TRADE
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CORPORATION OFFICIALS.

2. HE CHARACTERIZED HIS RECEPTION BY STC OFFICIALS AS BEING UNIFORMLY FRIENDLY AND COOPERATIVE. HE HAD NO DIFFICULTY IN MEETING STC OFFICIALS EVEN THOUGH THE OSTENSIBLE PURPOSE OF HIS COMING TO PEKING WAS TO ATTEND THE SWISS INDUSTRIAL EXHIBITION AS A DELEGATION MEMBER OF 3M EAST'S SWISS AGENCY, SIBER-HUEBNER.

3. MARSHALL SAID THE ONLY SENSITIVE ISSUE THAT AROSE -- U.S. TRADE CONTROLS -- WAS OCCASIONED WHEN HE HIMSELF BROUGHT THE SUBJECT UP IN AN ATTEMPT TO CLARIFY THESE PROCEDURES FOR FUTURE 3M DEALINGS WITH THE PRC. IN THE PAST, HE SAID 3M HAD OBTAINED USG APPROVAL IN ADVANCE FOR POTENTIAL SALES OF STRATEGIC ITEMS TO THE PRC, AND HE WISHED TO ESTABLISH A MORE SYSTEMATIC, ROUTINIZED METHOD FOR HANDLING U.S. END-USE REQUIREMENTS THAT WOULD BE ACCEPTABLE TO THE PRC. THE RESPONSE BY MACHIMPEX OFFICIALS WAS RATHER HEATED AND TO THE EFFECT THAT THE PRC WILL NOT SUBMIT TO THE U.S. TYPE OF END-USE REQUIREMENTS WHICH REQUIRED SIGNING FORMAL END-USE DOCUMENTS. MARSHALL WAS TOLD THAT IF THE PRC BOUGHT AN ITEM FROM 3M, IT WAS 3M'S RESPONSIBILITY TO SATISFY USG TRADE REGULATIONS; THIS WAS NOT THE PRC'S PROBLEM. MACHIMPEX STATED ITS WILLINGNESS, HOWEVER, TO ISSUE A LETTER TO 3M, WHEN REQUESTED, TO ASSIST IT IN SATISFYING U.S. TRADE REGULATIONS.

4. COMMENT: ALTHOUGH WE ARE AWARE PRC TRADE CORPORATIONS HAVE, IN THE PAST, ISSUED LETTERS TO ASSIST COMPANIES SATISFY END-USE REQUIREMENTS, THE STATEMENT BY MACHIMPEX SEEMS TO INDICATE A WILLINGNESS TO GO SOMEWHAT FURTHER SINCE IT WAS MADE IN THE CONTEXT OF FUTURE SALES IN GENERAL, RATHER THAN ABOUT A SPECIFIC NEED FOR A PARTICULAR PRODUCT.

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